

BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER
Chairman

WILLIAM MUNDELL
Commissioner

MARK SPITZER
Commissioner

MIKE GLEASON
Commissioner

KRISTIN K. MAYES
Commissioner

AZ CORP COMMISSION
DOCUMENT CONTROL

2006 MAR -7 P 4: 42

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IN THE MATTER OF THE APPLICATION)
OF GILA BEND POWER PARTNERS,)
L.L.C., OR THEIR ASSIGNEE(S), IN)
CONFORMANCE WITH REQUIREMENTS)
OF ARIZONA REVISED STATUTES)
SECTIONS 40-360-01 et seq., FOR A)
CERTIFICATE OF ENVIRONMENTAL)
COMPATIBILITY AUTHORIZING THE)
CONSTRUCTION OF A NATURAL GAS-)
FIRED, COMBINED CYCLE)
GENERATING PLANT, SWITCHYARD,)
AND RELATED FACILITIES IN THE)
TOWN OF GILA BEND, MARICOPA)
COUNTY, ARIZONA LOCATED IN THE)
SOUTH WEST QUARTER OF SECTION)
19, TOWNSHIP 5 SOUTH RANGE 5)
WEST, GILA AND SALT RIVER BASE)
AND MERIDIAN.)

DOCKET NO: L-00000V-00-0106

CASE No: 106

**GILA BEND POWER PARTNERS' APPLICATION FOR EXTENSION OF
CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY,
REQUEST FOR EXPEDITED TREATMENT AND,
TO THE EXTENT NECESSARY, AN INTERIM EXTENSION**

Gila Bend Power Partners, L.L.C. ("GBPP") respectfully requests that the time
period to construct facilities authorized by the Certificate of Environmental Compatibility
("CEC") approved in Arizona Corporation Commission ("Commission") Decision No.

1 63552 (April 12, 2001) (the "Decision") be extended until April 12, 2011. The CEC is
2 effective for five years from the date of the Decision but, pursuant to the terms of the
3 Decision, GBPP may request that the Commission extend this time limitation. GBPP
4 respectfully requests that this Application be processed expeditiously because there is only
5 one Utilities Division Open Meeting scheduled in April before the CEC's five-year term
6 expires.¹

7 The Decision granted GBPP a CEC to construct a natural gas-fired, combined cycle
8 generating plant consisting of three combustion gas turbines and one steam turbine
9 producing a nominal 845 MW, a switchyard and related facilities in the Town of Gila
10 Bend, Maricopa County, Arizona (the "Project"). A copy of the Decision is attached as
11 Exhibit A. The Decision contains several conditions that benefit the Arizona public,
12 including that the Project will be designed and constructed to accommodate two
13 transmission lines interconnecting with the existing transmission system. In addition, as a
14 result of receiving the CEC, GBPP became a significant investor in the much needed
15 Hassayampa Switchyard, contributing over \$13,000,000 in construction, operation and
16 maintenance costs. GBPP also has invested approximately \$6,000,000 in this Project over
17 and above its Hassayampa Switchyard investment.

18 GBPP has not yet built the Project because it has not been economically viable to
19 construct an additional power plant in the Palo Verde Hub area under current wholesale
20 power market conditions. GBPP believes that those market conditions will change within
21 the next five years. With the Southwest's rapidly expanding population and the addition
22 of new transmission lines, there will be a need for additional generation and there will be
23 the capacity to transmit that additional generation. As a result, it is just a matter of time
24 until the Project can be built.

25 ¹ If the Commission needs more time to evaluate this extension request, Applicant
26 requests that an interim extension be granted prior to the termination of the current CEC
term.

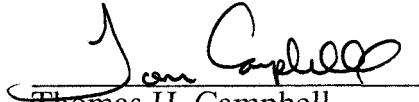
1 At the time GBPP's CEC was granted, several new merchant plants in the Palo
2 Verde Hub area were in various stages of development and planning, but none were
3 operational. Since the CEC was granted, the Red Hawk, Arlington, Mesquite, Panda, and
4 Harquahala projects have all been built postponing construction of the GBPP project.
5 Subsequent to the construction of the other merchant plants, dramatic growth has occurred
6 in the Phoenix metropolitan area. Major projects, such as Verrado, have been constructed,
7 and major new projects are planned and, in some cases, under construction, west of the
8 White Tank Mountains. Buckeye and Surprise are expected to increase by ten fold in the
9 next 20 years and become two of the larger metropolitan areas in the state. Similar growth
10 is occurring in the Southeast Valley and in Pinal County. With this dynamic growth will
11 come the need for additional generating facilities.

12 At the time GBPP's CEC was granted, there was limited transmission capacity
13 from the Palo Verde Hub. Since the CEC was granted, the Commission has approved
14 three new 500kV transmission lines, including the Southwest Valley, the Southeast Valley
15 and the Palo Verde to TS5 lines. Additional 500kV line projects interconnecting at the
16 Palo Verde Hub have been identified in the Ten Year Plans filed with the Commission in
17 January 2006. These new transmission lines increase the viability of the Project.

18 GBPP respectfully requests that it be allowed to extend the CEC for five years and
19 not incur the additional expense and delay of filing a new CEC application in the future
20 when changed market conditions make this Project viable. Further, GBPP respectfully
21 requests that this extension be granted on an expedited basis prior to the CEC termination
22 date or, in the alternative, that an interim extension be granted until the Commission can
23 evaluate the Application.
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26

1 RESPECTFULLY SUBMITTED this 7th day of March, 2006.

2 LEWIS AND ROCA LLP

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4 

5 Thomas H. Campbell
6 Albert H. Acken
7 40 N. Central Avenue
8 Phoenix, Arizona 85004-4429

9 Attorneys for Gila Bend Power Partners, L.L.C.

10 ORIGINAL and twenty-five (25) copies
11 of the foregoing hand-delivered this
12 7th day of March, 2006, to:

13 The Arizona Corporation Commission
14 Utilities Division – Docket Control
15 1200 W. Washington Street
16 Phoenix, Arizona 85007

17 COPY of the foregoing hand-delivered
18 this 7th day of March, 2006, to:

19 Jerry Smith
20 The Arizona Corporation Commission
21 1200 W. Washington Street
22 Phoenix, Arizona 85007

23 Lyn Farmer, Chief Administrative Law Judge
24 Hearing Division
25 The Arizona Corporation Commission
26 1200 W. Washington Street
Phoenix, Arizona 85007

Janice Alward
Legal Division
The Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

Brian McNeil, Executive Secretary
The Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

1 COPY of the foregoing mailed this
2 7th day of March, 2006, to:

3 Laurie Woodall
4 Office of the Attorney General
5 1275 W. Washington Street
6 Phoenix, Arizona 85007
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Betty J. Griffin

DOCKETED

APR 12 2001

BEFORE THE ARIZONA POWER PLANT
AND TRANSMISSION LINE COMMITTEE

DOCKETED BY

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IN THE MATTER OF THE APPLICATION OF
GILA BEND POWER PARTNERS, L.L.C., OR
THEIR ASSIGNEE(S), IN CONFORMANCE WITH
REQUIREMENTS OF ARIZONA REVISED
STATUTES SECTIONS 40-360-01 *ET SEQ.*, FOR A
CERTIFICATE OF ENVIRONMENTAL
COMPATIBILITY AUTHORIZING THE
CONSTRUCTION OF A NATURAL GAS-FIRED,
COMBINED CYCLE GENERATING PLANT,
SWITCHYARD, AND RELATED FACILITIES IN
THE TOWN OF GILA BEND, MARICOPA
COUNTY, ARIZONA LOCATED IN THE SOUTH
WEST QUARTER OF SECTION 19, TOWNSHIP 5
SOUTH RANGE 5 WEST, GILA AND SALT RIVER
BASE AND MERIDIAN.

CASE NO. 106

DOCKET NO. L-00000V-00-0106

DECISION NO. 63552

DECISION OF THE ARIZONA POWER PLANT AND TRANSMISSION LINE SITING
COMMITTEE AND CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY

Pursuant to notice given as provided by law, the Arizona Power Plant and Transmission Line Siting Committee ("Committee") held public hearings in Phoenix and Mesa, Arizona, on Wednesday, November 15, 2000, on Friday, December 15, 2000, and on Friday, February 2, 2001, in conformance with the requirements of Arizona Revised Statutes Section 40-360, *et seq.*, for the purpose of receiving public comment and evidence, and deliberating on the Application of Gila Bend Power Partners, L.L.C. ("Gila Bend" or "Applicant"), or their assignees, for a Certificate of Environmental Compatibility ("Certificate") authorizing construction of a natural gas-fired, combined cycle generating plant, switchyard, and related facilities in the Town of Gila Bend, Maricopa County, Arizona, as described in the application. The following members and designees of members of the Committee were present for one or more of the hearing days:

Paul A. Bullis

Chairman, Designee for Arizona Attorney General,
Janet Napolitano

Steve Olea

Arizona Corporation Commission

Dennis Sundie

Department of Water Resources

1	Richard Tobin	Department of Environmental Quality
2	Mark McWhirter	Department of Commerce
3	George Campbell	Appointed Member
4	Jeff McGuire	Appointed Member
5	A. Wayne Smith	Appointed Member
6	Sandie Smith	Appointed Member

7 The Applicant was represented by its counsel, Karen L. Peters and Justin D. Steltenpohl of
8 Squire, Sanders & Dempsey L.L.P. Staff of the Arizona Corporation Commission was represented
9 by its counsel, Janice Alward. At the conclusion of the hearing, after consideration of the
10 Application, the evidence and exhibits presented, the legal requirements of A.R.S. § 40-360 to 40-
11 360.13, and in accordance with A.A.C. R14-3-213, upon motion duly made and seconded, the
12 Committee voted to grant Gila Bend the following Certificate of Environmental Compatibility (Case
13 No. 106).

14 Gila Bend Power Partners, L.L.C., is hereby granted a Certificate of Environmental
15 Compatibility for the construction of the following facilities as requested in its Application:

16 Gila Bend Power Partners, L.L.C. is authorized to construct a natural gas-fired, combined
17 cycle generating plant consisting of three combustion gas turbines and one steam turbine
18 producing a nominal 845 MW, switchyard, and related facilities in the Town of Gila Bend,
19 Maricopa County, Arizona, as described in the Application. This Certificate is granted upon
20 the following conditions:

- 21 1. The Applicant and its assignees will comply with all existing applicable air
22 and water pollution control standards and regulations, and with all existing
23 applicable ordinances, master plans and regulations of the State of Arizona,
24 the County of Maricopa, the United States, and any other governmental
25 entities having jurisdiction.
- 26 2. This authorization to construct the project will expire five years from the date
27 the Certificate is approved by the Arizona Corporation Commission
28 ("Commission") unless construction is completed to the point that the plant
is capable of operating at its rated capacity by that time; provided, however,
that prior to such expiration the facility owner may request that the
Commission extend this time limitation.
3. Applicant shall provide to the Commission, not more than twelve (12)

months prior to the commercial operation of the plant, a technical study regarding the sufficiency of transmission capacity to the plant.

4. Applicant shall submit to the Commission an interconnection agreement with the transmission provider with whom it is interconnecting.
5. Applicant or one of its affiliates will become a member of the Western States Coordinating Council ("WSCC"), or its successor, and file a copy of its WSCC Reliability Criteria Agreement or Reliability Management System (RMS) Generator Agreement with the Commission.
6. Applicant will use commercially reasonable efforts to become a member of the Southwest Reserve Sharing Group, or its successor, thereby making its units available for reserve sharing purposes, subject to competitive pricing.
7. Applicant or its assignee(s) will respond to inquiries for future transmission interconnections with its facilities in the same nondiscriminatory manner and using the same process as that required of transmission owners and service providers.
8. Applicant shall operate its project so as to meet a 2.5 ppm NOx emissions level, within the parameters established in the Title V and PSD air quality permit issued by Maricopa County for the plant.
9. Applicant shall operate its project so that during normal operations the project shall not exceed (i) HUD or EPA residential noise guidelines or (ii) OSHA worker safety noise standards.
10. Applicant's switchyard shall be a conventional open-air, breaker and one-half bus design consisting of high-voltage power circuit breakers, disconnect switches, grounding switches, potential transformers, surge arresters, substation steel structures, and protective relaying equipment.
11. Applicant will comply with all current and future requirements and recommendations by the Town of Gila Bend regarding landscaping and site conditions.
12. Applicant will use low profile structures, moderate stacks, neutral colors, compatible landscaping, and low intensity directed lighting for plant.
13. Applicant will develop and maintain the plant site consistent with the applicant's land management plan, hearing Exhibit A-8. In addition, the applicant shall provide natural screening along the entire southern and western boundaries of the plant site.
14. Applicant will, where feasible, develop an ongoing relationship with an appropriate educational institution in the State of Arizona to develop research projects to evaluate the ability of newly established vegetation to resist competition by salt cedar.
15. Applicant shall not begin construction of the project until a Certificate of Environmental Compatibility has been issued and approved by the Commission for a new transmission line to interconnect the project with the WSCC transmission grid.

16. Applicant's project shall be designed and constructed to accommodate two transmission lines emanating from its power plant's transmission switchyard and interconnecting with the existing transmission system. This plant interconnection must satisfy the single contingency outage criterion (N-1) without reliance on remedial action such as generator unit tripping or load shedding.

17. Applicant shall participate in good faith in state and regional transmission study forums, such as the Central Arizona Transmission Study, to terminate a second transmission line out of the Gila Bend power plant that serves the transmission system grid needs to deliver power throughout the Western System Coordinating Council grid in a reliable manner. Applicant shall take all commercially reasonable efforts to ensure that such transmission line shall be timely constructed in accordance with the needs of the integrated transmission grid.

18. Arizona electric consumers will have a continuing need for access to low-cost power, and applicant has agreed to have wholesale power available during peak periods, during the first two years following commercial operations, for sale to Arizona customers in open market, arms-length transactions.

GRANTED this 1st day of February, 2001.

ARIZONA POWER PLANT AND
TRANSMISSION LINE SITING COMMITTEE

By Paul A. Bullis
Paul A. Bullis, Chairman

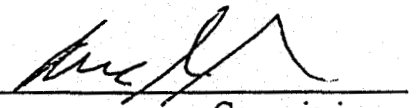
Decision No. 63552

1 THE ARIZONA CORPORATION COMMISSION, having considered the record and the
2 decision of the Arizona Power Plant and Transmission Line Siting Committee to issue Applicant
3 a Certificate of Environmental Compatibility, the Commission hereby approves the Certificate
4 with the following amendment to the Certificate's Condition (8). The Commission amends
5 Condition (8) to include this additional language: "Applicant shall install and operate catalytic
6 oxidation technology that will produce a carbon monoxide (CO) emission rate equivalent to
7 California's best available control technology (BACT) and similar collateral reductions in
8 volatile organic compounds (VOC) and condensable particulate matter."

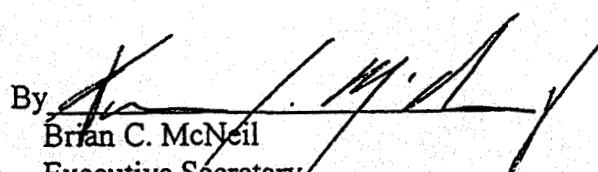
9 APPROVED AS AMENDED BY ORDER OF THE ARIZONA CORPORATION
10 COMMISSION

11 
12 Chairman

11 _____
12 Commissioner

11 
12 Commissioner

13 IN WITNESS WHEREOF, I, Brian C. McNeil, Executive Secretary of the Arizona
14 Corporation Commission, set my hand and cause the official seal of the Commission to be
15 affixed this 18th day of April, 2001.

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18 By 
19 Brian C. McNeil
20 Executive Secretary

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22 Dissent: 
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